

2017

Michigan
City Withholding Tax
E-File Tax Preparer Handbook

Michigan Department of Treasury

www.Mlfastfile.org

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Section 1. General Information

The Michigan Department of Treasury's (Treasury) City Withholding (CTYW) electronic filing (e-file) program accepts CTYW returns with or without payments (submissions); using Treasury approved commercial or proprietary software, through the Michigan Taxes Gateway (Gateway).

Michigan e-file publications and forms are available on Treasury's Web site at www.MIfastfile.org. For questions about the e-file program, contact Forms, Documentation and E-file Services (FDES).

1.1. Contact Information

Michigan E-file Web site	www.MIfastfile.org
FDES Coordinator	Scott Bunnell
Program Area, Testing and File Specifications	Heather Vellanti Erica Smith
E-Mail	MIFormsEfile@michigan.gov
Michigan Treasury Web Sites	www.michigan.gov/citytax www.michigan.gov/taxes www.michigan.gov/treasury

The contact information above is for **software developers, transmitters and preparers only. Please do not give this information to taxpayers.** FDES staff is unable to provide submission status information or address specific taxpayer account issues once the submission has been acknowledged as "Accepted" by Treasury.

Treasury does not recommend sending account-specific information over the Internet. Federal and State disclosure laws require that taxpayer privacy and their confidential records are protected. Therefore, Treasury will not send account-specific information over the Internet in response to an e-mail inquiry.

1.2. E-mail LISTSERV for Tax Professionals

The Treasury Tax Professionals LISTSERV is a free service that disseminates mass e-mail messages within seconds, to all subscribers. Sign up to receive electronic communications

on Treasury's e-file programs and other information of interest. To subscribe or for additional information, visit the Tax Preparer's Web site at www.Mifastfile.org.

1.3. Self Service Options

Telephone

CTYW taxpayers should call City Customer Contact staff at 517-636-5829. Assistance is available using TTY through the Michigan Relay Service by calling 1-800-649-3777 or 711.

Section 2. City Withholding Tax E-File

2.1. Benefits of E-File

Customer service. E-filed returns are processed faster than paper returns. Receive electronic proof from Michigan that returns were received.

Convenient. Prepare and transmit CTYW submissions using software that has been approved by Treasury.

Improved return accuracy. Treasury processes the same data the tax preparer enters into the computer. Treasury computers automatically check returns for mistakes. When easy-to-fix mistakes like math errors or missing forms are found, the return is sent back for correction. The error can then be corrected and be sent back to Treasury. E-file returns have a significantly less chance of error compared to paper returns.

Detailed error conditions. Business rules pinpoint the location of the error in the submission and provide complete information in the acknowledgement file that is passed back to the transmitter. Business rules use simple wording to clarify each error that triggers a rejection.

Secure. Tax information is encrypted and transmitted directly to Michigan.

Amended returns. Treasury can process amended CTYW annual returns when the amended checkbox is checked.

2.2. Introduction

Tax year 2017 CTYW tax returns may be filed with or without payment directly to Treasury using the Gateway.

Filing submissions electronically is accurate, convenient, and secure. Michigan's CTYW e-file program provides CTYW taxpayers the opportunity to e-file CTYW submissions prepared using a computer software program. If an error occurs on a submission, the e-file software presents an error message and allows the tax preparer to immediately correct the mistake before the submission is transmitted.

Michigan does not have an enforced e-file mandate for CTYW.

For more information and program updates, visit Treasury's Web site at www.Mifastfile.org.

2.3. Program Description

Type of E-file Program	Direct
Payment Submitted with Return	Yes
Signature Process	Retain documentation in taxpayer records

2.4. City Withholding E-File Calendar for Tax Year 2017

Begin Transmitting Submissions	January 17, 2017
Deadline to Transmit Submissions Electronically	None. Submissions must be acknowledged as "Accepted" by the due date to be considered timely filed.

2.5. Application and Acceptance Process

To participate in Michigan's CTYW e-file program, e-filers must use software that has successfully completed the Michigan Assurance Testing System (ATS). Confirm that the software chosen has been approved for Michigan and that the Michigan e-file program is operational before transmitting submissions.

If, after acceptance, a tax preparer/transmitter or software company has production problems, Treasury reserves the right to suspend the tax preparer/software company for part or all of the remainder of the filing season.

2.6. How City Withholding E-File Works

Tax preparers and transmitters may participate in the CTYW e-file program if supported by their software. Treasury provides electronic acknowledgments for all e-filed submissions using the Gateway.

The first notification is in the form of an electronic receipt of the transmission which is received by the transmitter. Transmitters are either a software company, PSP or TPA.

Once a submission receives a successful receipt, Treasury will generate an acknowledgement for all submissions received in the transmission. Submissions must be received by noon (EST) to have an acknowledgment generated by 5:00 pm (EST) the same day.

All returns, whether e-filed or paper-filed, are subject to Michigan audit and can be delayed regardless of the acknowledgment code received. Returns are processed and refunds are issued daily.

2.7. Type of Filings Accepted

Treasury will accept CTYW tax returns for the City of Detroit only.

Electronic Michigan Data

The electronic submission consists of data transmitted electronically and the supporting paper documents. The paper documents contain information that cannot be transmitted electronically, such as taxpayers' signatures.

The following forms and schedules may be e-filed:

Form	Title
5321	City of Detroit Income Tax Withholding Annual Reconciliation
5323	City of Detroit Income Tax Withholding Monthly/Quarterly Return

Non-electronic Portion of the Return

The non-electronic portion of the Michigan submission consists of the following supporting documents:

- **Form 5322.** If tax is due on an e-filed return and the taxpayer elects to submit payment by check or money order, it must be received by the due date, with the *City of Detroit Income Tax Withholding E-file Payment Voucher* (Form 5322).

2.8. Exclusions from E-File

None noted at this time.

2.9. Signature Requirements

Michigan accepts the agreement that PSPs, Certified Service Providers (CSPs), and paid preparers have with their clients as the signature for e-filing CTYW returns and/or payments. The agreement may be a limited power of attorney, *IRS Reporting Agent Authorization* (Form 8655), or company document that mirrors the same type of e-filing authorization. Treasury does not require any additional signature documentation.

The authorization document **must not** be submitted unless requested by Treasury. Treasury recommends the authorization document be retained in the taxpayer's records for six years.

2.10. Acknowledgment of Electronic Return

Treasury provides electronic acknowledgments for all e-filed submissions using the Gateway.

Submissions must be received by noon (EST) to have an acknowledgment generated by 5:00 pm (EST) the same day.

Status Codes Received from Treasury

Treasury will perform certain checks on the submission during the acceptance process. All returns, whether e-filed or paper-filed, are subject to audit and can be delayed regardless of the acknowledgement code given. Should an error occur during back-end processing, Treasury will communicate directly with the taxpayer through the regular error resolution process. Treasury will discuss return and/or payment situations with the preparer if a valid *Authorized Representative Declaration (Power of Attorney)* (Form 151) is on file.

Acceptance Status:

- Accepted** Electronic submission was **accepted** and will be reviewed and processed.
- Rejected** Electronic submission was **rejected**. If the submission was rejected, an associated e-file rejection code and detailed error description will be provided. The taxpayer/preparer may correct the error and retransmit the submission. There is no limit on how many times a submission can be retransmitted.

The CTYW e-file Business Rules (rejection codes and descriptions) are posted in a separate document on Treasury's Web site at www.Mlfastfile.org, under the Tax Preparer tab. Returns and/or payments not acknowledged by Treasury as "Accepted" are not considered filed.

2.11. Payment Methods

Submitted with the Return

Payments will be allowed with e-filed CTYW returns as supported by software. Payments made this way can only be submitted along with a return. For timely payment, the return with payment **must receive an "Accepted" acknowledgment** by Treasury one business day prior to the due date. If the due date falls on a weekend, state holiday, or banking holiday, the due date is the next business day. More information on due dates can be found on the [Sales, Use and Withholding Tax Due Dates for Holidays and Weekends \(Form 3149\)](#).

Payments may be scheduled up to 90 days in advance of the settlement date.

If no tax is due, do not send a zero payment. Zero payments are not required when no tax is due and will not be recognized by Treasury as a valid payment.

Note: Some financial institutions offer a "Debit Blocking" or "Debit Filtering" service to prevent unauthorized debits (withdrawals) from an account. If an account has a debit block or filter, any unauthorized debit transactions will not be processed. The taxpayer should contact their financial institution and have the Automated Clearing House (ACH) transaction identified with the Company ID 9244842702 authorized to debit their account. Failure to make these arrangements may result in the payment request being rejected by the financial institution.

Electronic Funds Transfer (EFT)

Payments may be made by EFT using either the ACH Credit or Debit method. Information about EFT is available on Treasury's Web site at www.michigan.gov/biztaxpayments.

Paper Payment Voucher

If tax is due on an e-filed return, the taxpayer may submit payment by check or money order, by the due date, with Form 5322.

2.12. Refunds

Direct Deposit is not available for CTYW returns receiving a refund.

Section 3. Responsibilities of Electronic Filers, Transmitters and EROs

Electronic filers, transmitters, and EROs must abide by the terms set forth in this Publication and must maintain a high degree of integrity, compliance, and accuracy to continue to participate in the CTYW e-file program.

3.1. ERO or Tax Preparer

An ERO is the person or firm who constructs the submission information for the taxpayer for the purpose of electronically filing a tax return.

Tax Preparers have been entrusted with the task of filing a client's tax return with or without payment and must assume the responsibility of ensuring the submission arrives at Treasury. In the event that the e-filed submission fails to arrive or is rejected and cannot be retransmitted, tax preparers must notify their clients to file a paper return.

3.2. Transmitter

A transmitter is the business, or individual within the business, who electronically sends the submission to Treasury. The software developer, PSP, or TPA will be the transmitter. Individual taxpayers are not eligible to transmit returns directly to Treasury using the Gateway.

3.3. Timeliness of Filing

Transmitters must ensure electronic submissions are transmitted timely. Transmitters should confirm Treasury has issued an acknowledgment of the submission before considering the filing complete.

Returns and/or payments not acknowledged by Treasury as "Accepted" are not considered filed.

3.4. Changes on the Return

After an electronic submission is acknowledged as accepted, it cannot be recalled, intercepted, or changed in any manner. This includes payments that are scheduled to be settled at a later date. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, an amended return and additional payment (if applicable) must be filed.